

CQR UK PAYMENT SOLUTIONS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Registration number 05433326

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CQR UK PAYMENT SOLUTIONS LIMITED

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CQR UK PAYMENT SOLUTIONS LIMITED
COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | K Hedjri K Richter-Weiss A Quirke |
| Secretary | A Quirke |
| Registered office | 2nd Floor 179 Tottenham Court Road London W1T 7NZ |

CQR UK PAYMENT SOLUTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of CQR UK Payment Solutions Limited is to provide online payment services to merchants. In November 2009, in order to provide certain payment services, companies were required to be authorised and regulated by the Financial Services Authority under the Payment Services Regulations 2009. The Company was duly authorised in November 2009 to carry on payment services.

In order to offer payment services, the Company has entered into a supply agreement with its parent company CQR Payment Solutions GmbH, Austria to use its bespoke technical payment platform. The platform is technically connected to various payment providers and offers a local multicurrency payment solution to online retail merchants. The Company holds all commercial agreements with the payment providers.

The Company has two revenue models – payment gateway and aggregation services. The payment gateway service offers the merchant a technical connection to many payment providers via the technical payment platform. The aggregation service offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the Company including a full cash management service.

During the year the Company issued 535,466 shares at par.

Results

The profit for the financial year after taxation of £130,805 (year ended 31 December 2009: loss of £118,652) will be transferred to reserves.

Going Concern

The Company made a profit for the year and has cash reserves as at 31 December 2010 of £3,604,302. The directors are therefore satisfied that the Company's financial statements can be prepared on a going concern basis.

Directors

The directors who held office during the year were as follows:

- K Hedjri
- K Richter-Weiss
- A Quirke

Political and charitable donations

There were no political or charitable donations in the year (2009: none).

CQR UK PAYMENT SOLUTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' responsibility regarding disclosure of information to auditors

The directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

Auditors

KPMG Audit Plc will be reappointed in accordance with section 487 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



A Quirke
Director

Date 28 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CQR UK PAYMENT SOLUTIONS LIMITED

We have audited the financial statements of CQR UK Payment Solutions Limited for the year ended 31 December 2010 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

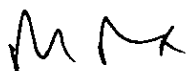
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CQR UK PAYMENT SOLUTIONS LIMITED**

continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Furneaux (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

Date *24 March 2011*

CQR UK PAYMENT SOLUTIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

| | Note | 2010 £ | 2009 £ |
|---|-------------|-----------------------|-------------------------|
| Turnover | | 1,992,504 | 266,736 |
| Cost of sales | | (1,717,032) | (225,441) |
| Gross profit | | <u>275,472</u> | <u>41,295</u> |
| Administrative expenses | | (134,062) | (162,188) |
| Operating profit/(loss) | 2 | <u>141,410</u> | <u>(120,893)</u> |
| Other interest receivable and similar income | | 604 | 2,243 |
| Interest payable and similar charges | | (7,780) | (2) |
| Profit/(loss) on ordinary activities before taxation | | <u>134,234</u> | <u>(118,652)</u> |
| Tax on profit/(loss) on ordinary activities | 3 | (3,429) | - |
| Profit/(loss) for the financial year | 8 | <u><u>130,805</u></u> | <u><u>(118,652)</u></u> |

The notes on pages 8 to 11 form an integral part of these financial statements

All transactions are in respect of continuing operations

The Company has no recognised gains and losses other than the profits/losses above and therefore no separate Statement of Total Recognised Gains and Losses has been prepared

CQR UK PAYMENT SOLUTIONS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2010

| | | 2010 | | 2009 | |
|--|------|------------------|--------------------|------------------|--------------------|
| | Note | £ | £ | £ | £ |
| Current assets | | | | | |
| Debtors | 4 | 3,687,717 | | 987,163 | |
| Cash at bank and in hand | | <u>3,604,302</u> | | <u>1,415,693</u> | |
| | | | 7,292,019 | | 2,402,856 |
| Creditors: Amounts falling due within one year | 5 | | <u>(5,797,310)</u> | | <u>(1,805,245)</u> |
| Net current assets | | | 1,494,709 | | 597,611 |
| Creditors: Amounts falling due after more than one year | 6 | | <u>(675,427)</u> | | <u>(444,600)</u> |
| Net assets | | | <u>819,282</u> | | <u>153,011</u> |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 810,467 | | 275,001 |
| Profit and loss reserve | 8 | | <u>8,815</u> | | <u>(121,990)</u> |
| Shareholders' funds | | | <u>819,282</u> | | <u>153,011</u> |

The notes on pages 8 to 11 form an integral part of these financial statements

Approved by the Board on 28/03/11 and signed on its behalf by



A Quirke
Director

CQR UK PAYMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010****1 Accounting policies****Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards

The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) and not provided a cash flow statement as the company's ultimate parent includes a consolidated cashflow statement in its financial statements

Revenue recognition

Turnover represents amounts chargeable in respect of services to customers

Income from the company's principal activities is recognized on settlement of funds to the merchant

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account

Taxation

Provision is made for corporation tax at the current rate on the losses/profits as adjusted for tax purposes

Deferred taxation

Deferred tax is recognised in respect of all timing differences where transactions or events that have originated but not reversed at the balance sheet date result in an obligation to pay more tax in the future, or a right to pay less tax in the future

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging

| | 2010 £ | 2009 £ |
|-------------------------|-------------------|-------------------|
| Auditors remuneration | 24,000 | 12,925 |
| Foreign currency losses | 854 | 17,100 |
| | <u> </u> | <u> </u> |

The average number of employees employed during the year was 1 (2009 0)

CQR UK PAYMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010****3 Taxation****Analysis of current period tax charge**

| | 2010 | 2009 |
|------------------------|--------------|-------------|
| | £ | £ |
| Current tax | | |
| Corporation tax charge | <u>3,429</u> | <u>-</u> |

| | | |
|--|----------------|------------------|
| Tax reconciliation | 2010 | 2009 |
| | £ | £ |
| Profit/(Loss) on ordinary activities before taxation | <u>134,234</u> | <u>(118,652)</u> |
| Current tax on the above profit/(loss) at 28% (2009 28%) | 37,586 | (33,223) |
| Tax losses carried forward/(utilised) | (33,223) | 33,223 |
| Other tax adjustments | <u>(934)</u> | <u>-</u> |
| Total current tax for the year | <u>3,429</u> | <u>-</u> |

Tax losses of £0 (2009 £33,223) have been carried forward

4 Debtors: Amounts falling due within one year

| | 2010 | 2009 |
|--|------------------|----------------|
| | £ | £ |
| Trade debtors | 2,667,575 | 542,563 |
| Amounts owed by group undertakings (note 10) | 153,326 | - |
| Other debtors | 671,345 | 444,600 |
| Prepayments and accrued income | <u>195,471</u> | <u>-</u> |
| | <u>3,687,717</u> | <u>987,163</u> |

5 Creditors: Amounts falling due within one year

| | 2010 | 2009 |
|--|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | - | 139 |
| Trade creditors | 528,948 | 324,473 |
| Amounts owed to group undertakings (note 10) | 5,185,717 | 1,466,768 |
| Corporation tax | 3,429 | - |
| Taxation and social security | 2,237 | - |
| Accruals | <u>76,979</u> | <u>13,865</u> |
| | <u>5,797,310</u> | <u>1,805,245</u> |

CQR UK PAYMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010****6 Creditors: Amounts falling due after more than one year**

| | 2010 | 2009 |
|--|----------------|----------------|
| | £ | £ |
| Amounts owed to group undertakings (note 10) | <u>675,427</u> | <u>444,600</u> |

The amount owed to group undertakings is a loan with a term of 24 months and interest is accruing at 3 months-EURIBOR. The principal and the interest is payable at the end of the term.

7 Share capital

| | 2010 | 2009 |
|---|----------------|----------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 810,467 (2009 - 275,001) Ordinary shares of £1 each | <u>810,467</u> | <u>275,001</u> |

8 Reserves

| | Profit and loss reserve £ |
|---|--|
| Balance at 1 January 2010 | (121,990) |
| Transferred from profit and loss account for the year | <u>130,805</u> |
| Balance at 31 December 2010 | <u>8,815</u> |

9 Reconciliation of movement in shareholders' funds

| | 2010 | 2009 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Profit/(loss) for the financial year | 130,805 | (118,652) |
| New share capital subscribed | <u>535,466</u> | <u>275,000</u> |
| Net addition to shareholders' funds | 662,271 | 156,348 |
| Opening shareholders' funds | 153,011 | (3,337) |
| Closing shareholders' funds | <u>819,282</u> | <u>153,011</u> |

CQR UK PAYMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010****10 Related parties****Related party transactions**

The Company's related parties, the nature of the relationship and the extent of the transactions with them are summarised below

| | 2010 | 2009 |
|---|------------------|----------------|
| | £ | £ |
| Charges from/(to) related parties | | |
| CQR Payment Solutions GmbH | 394,749 | 18,807 |
| CQR Payment Solutions GmbH | (21,963) | - |
| Bwin International Limited | (343,817) | (151,428) |
| Ongame Network Limited | (2,933) | - |
| Vincento Payment Solutions Limited | 67,000 | - |
| Vincento Payment Solutions Limited | <u>(90,627)</u> | <u>(1,879)</u> |
| | 2010 | 2009 |
| | £ | £ |
| Balances with related parties | | |
| Due to CQR Payment Solutions GmbH | (43,760) | (18,380) |
| Loan from CQR Payment Solutions GmbH | (675,427) | (444,600) |
| Due from Bwin International Limited | 140,528 | - |
| Due to Bwin International Limited | (2,012,273) | (1,439,766) |
| Due from Ongame Network Limited | 2,358 | - |
| Due to Ongame Network Limited | (2,627,888) | - |
| Due to Ongame Futures | (14,403) | - |
| Due from Vincento Payment Solutions Limited | 10,440 | - |
| Due to Vincento Payment Solutions Limited | <u>(487,393)</u> | <u>(8,622)</u> |

11 Ultimate Parent Company

The Company is a subsidiary undertaking of Bwin Interactive Entertainment AG incorporated in Austria, which is the Company's ultimate holding company. The Company's immediate holding company is CQR Payment Solutions GmbH incorporated in Austria.

The consolidated accounts of Bwin Interactive Entertainment AG are available to the public and may be obtained from Borsegasse 11, 1010 Vienna, Austria.